

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

The Financial Oversight and Management Board for
Puerto Rico,

as representative of

The Commonwealth of Puerto Rico, *et al.*,

Debtors.¹

PROMESA

Title III

No. 17 BK 3283-LTS

(Jointly Administered)

**RESERVATION OF RIGHTS OF THE AD HOC GROUP OF PREPA
BONDHOLDERS TO THE URGENT JOINT MOTION FOR ENTRY OF ORDER
APPROVING STIPULATION AND AGREED ORDER BY AND AMONG FINANCIAL
OVERSIGHT AND MANAGEMENT BOARD, ITS SPECIAL CLAIMS COMMITTEE,
AND OFFICIAL COMMITTEE OF UNSECURED CREDITORS RELATED TO
JOINT PROSECUTION OF DEBTOR CAUSES OF ACTION**

The Ad Hoc Group of PREPA Bondholders (the “**Ad Hoc Group**”) hereby files this reservation of rights (the “**Reservation of Rights**”) to the *Urgent Joint Motion for Entry of Order Approving Stipulation and Agreed Order by and Among Financial Oversight and Management Board, Its Special Claims Committee, and Official Committee of Unsecured Creditors Related to Joint Prosecution of Debtor Causes of Action* (the “**Urgent Joint Motion**”) [Dkt. No. 6305]. In support of the Reservation of Rights, the Ad Hoc Group respectfully states as follows:

¹ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“**COFINA**”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“**HTA**”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“**ERS**”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority (“**PREPA**”) (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747).

RESERVATION OF RIGHTS

1. The Urgent Joint Motion and the stipulation attached thereto (the “**Stipulation**”) was filed last evening (April 16, 2019), at 5:30 pm, less than 24 hours before the deadline to file an objection or response. The Ad Hoc Group received no advance notice of the Urgent Joint Motion or the Stipulation.

2. It is unclear to the Ad Hoc Group how the relief sought in the Urgent Joint Motion benefits the Debtors or Puerto Rico. It appears that it could result in the duplication of costs of tens of millions – if not hundreds of millions – of dollars in professional fees. Furthermore, there is no clear delineation in the Stipulation as how individual claims will be treated, as the Stipulation contains no detail on the types of claims that fall into the different categories of causes of action.

3. As the Court is aware, the Oversight Board, along with the Puerto Rico Fiscal Agency and Financial Advisory Authority, Assured Guaranty Corp. and Assured Guaranty Municipal Corp., and the Ad Hoc Group have been involved in settlement discussions and have reached an agreement in principle that will settle many of the PREPA claims and causes of action, providing a benefit to PREPA and its creditors. Such settlement, which will ultimately be submitted to this Court for approval, will render much of the Stipulation unnecessary as to PREPA.

4. As of this morning, the Ad Hoc Group was been told by representatives of FOMB that the Stipulation does not include claims or causes of action by Title III Debtor PREPA. *See* Stipulation ¶ 19 (“The Parties contemplate that they will enter into one or more additional stipulations that will, subject to Court approval, similarly address the appointment of the members of the Special Claims Committee, on the one hand, and the Committee, on the other

hand, as co-trustees and co-plaintiffs to pursue additional claims or causes of action of . . . PREPA.”). The Ad Hoc Group expects to work with the Oversight Board to include clarifying language in the Stipulation to ensure that the Stipulation and the relief sought in the Urgent Joint Motion does not impact PREPA.

5. To the extent that the Stipulation does not carve out the claims or causes of action of PREPA, the Ad Hoc Group reserves all rights to respond or object to the Urgent Joint Motion and the Stipulation, as well as all rights to respond or object to any future stipulation that may be filed addressing claims or causes of action of PREPA.

I HEREBY CERTIFY that I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system, which will notify case participants.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, April 17, 2019.

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